
2Q25

Long Island Office Market Overview



NEWMARK

Market Observations

Economy

- The Long Island unemployment rate decreased 80 basis points during the second quarter to 2.7%, the market's lowest level since April 2023. The Long Island unemployment rate remains well below the national average of 4.0%.
- The education, government, and business & professional sectors led the region in job growth over the past year. Despite positive employment growth for business & professional services, other office-using sectors including financial activities and information recorded negative annual job growth.
- Many landlords with maturing mortgages or floating rate loans are either in distress or default with limited capital to lease up their buildings. The quality of services is decreasing, and deferred maintenance is increasing due to lack of capital and tenant relocations.

Major Transactions

- Long Island recorded 442,546 square feet of leasing activity during the second quarter of 2025, a 23.5% decrease from the previous quarter. Despite this decline, leasing activity for the second quarter of 2025 increased 3.5% year-over-year.
- At 196,700 square feet, Suffolk County accounted for 44.4% of second quarter leasing activity, down from 54.4% of first quarter activity.
- With tenants adjusting to the new paradigm of the hybrid model and more employees returning to the office, more tenants are committing to long-term deals.

Leasing Market Fundamentals

- While the office vacancy rate remained elevated at 11.5% in the second quarter, the market has declined 90 basis points from its twenty-year high in 2023. Through the first half of 2025, Long Island recorded 204,438 square feet of absorption.
- Total available space in the Long Island office market decreased 255,797 square feet in the second quarter of 2025, bringing the availability rate to 12.9%, the market's lowest level since the second quarter of 2022.
- Asking rents increased \$3.34/SF to \$32.93/SF during the second quarter of 2025. The second quarter marked Long Island's highest average asking rent over the past twenty years, increasing 16.5% above the long-term average of \$28.27/SF.
- Direct rates exceeded sublease rates during the second quarter of 2025, a shift from the few years prior. Average direct rates increased \$3.32/SF from the previous quarter to \$33.00/SF, while average sublease rates increased \$0.16/SF to \$28.41/SF.

Outlook

- With looming economic tariffs, uncertainty persists in the macroeconomic economy. Occupiers and investors alike will approach deals with greater caution as a result, which will impact leasing and investment activity.
- The second quarter of 2025 saw no office properties under construction in the Long Island market. With uncertainty surrounding the future of suburban office space, developers are turning their attention away from office projects.
- For landlords with the capital to provide tenant installations, pay commissions, and provide first class services, maintenance, and capital improvements, these properties will be the beneficiaries of the distressed properties in the Long Island market.

1. Leasing Market Fundamentals
2. Economy

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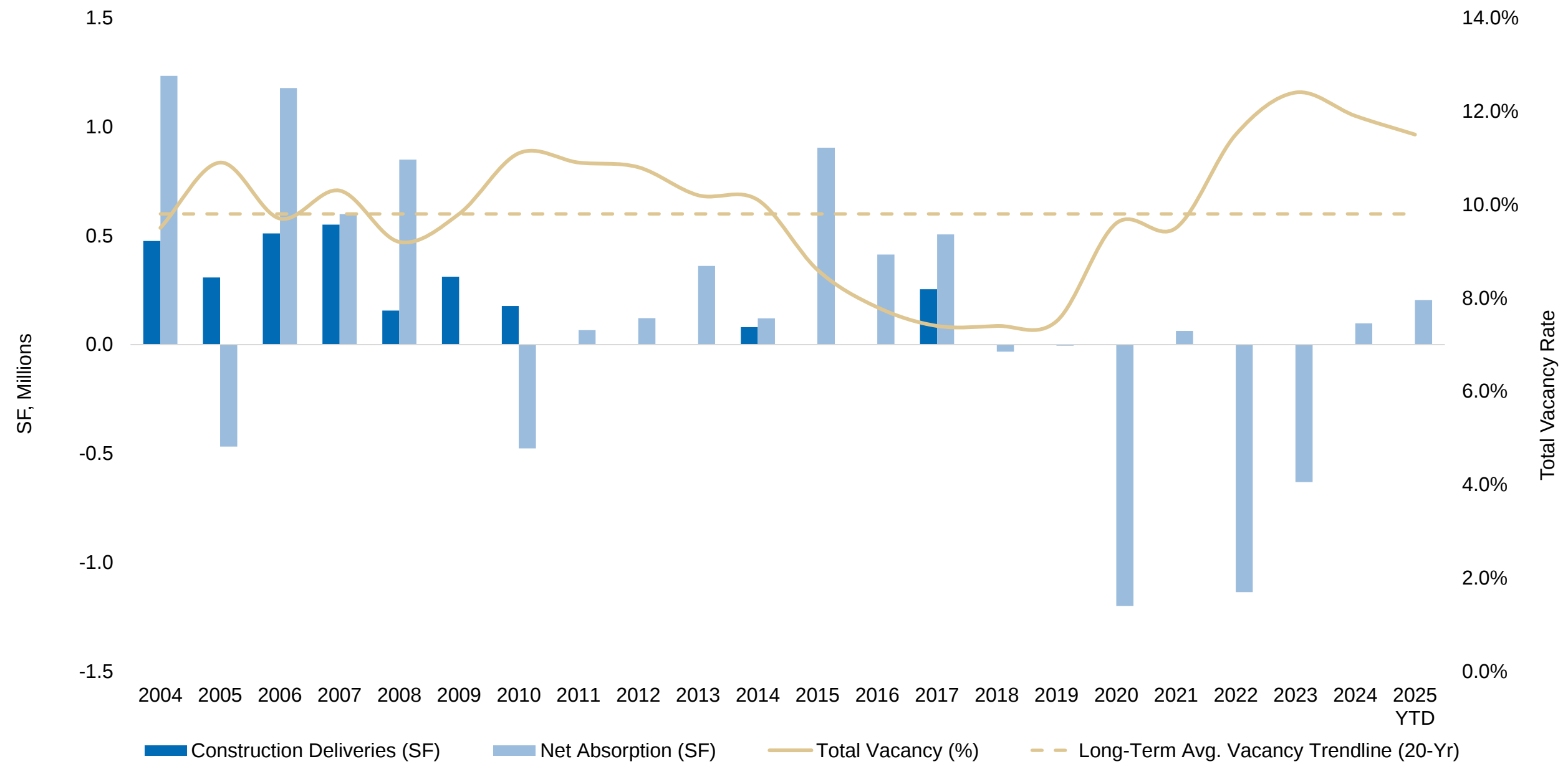
Leasing Market Fundamentals



Vacancy Continues to Fall With Positive Net Absorption

While the Long Island office vacancy rate remained elevated at 11.5% in the second quarter of 2025, the market has gradually declined 90 basis points from its twenty-year high in 2023. Through the first half of 2025, Long Island recorded 204,438 square feet of absorption.

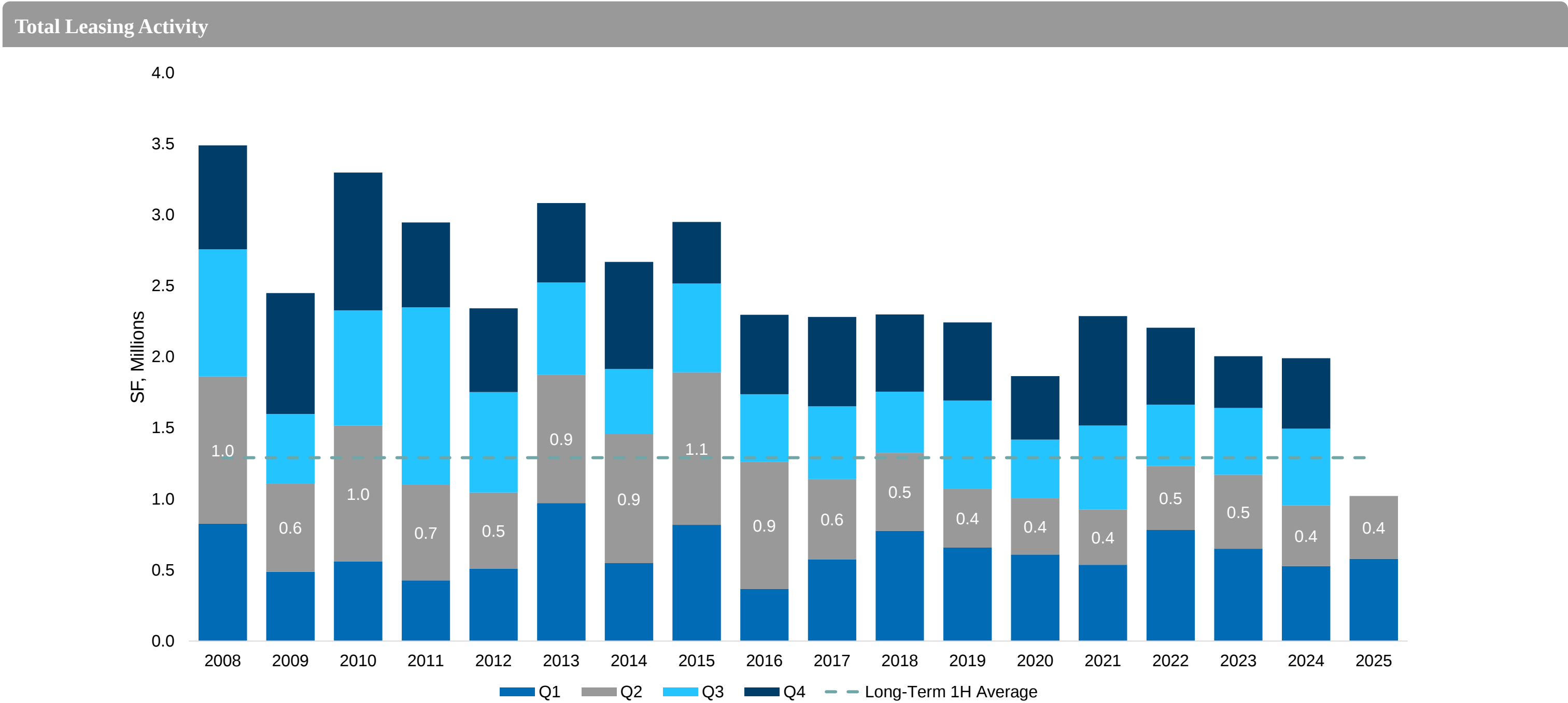
Historical Construction Deliveries, Net Absorption, and Vacancy



Source: Newmark Research, CoStar

Leasing Activity Outpaces 2024 Levels

2025 leasing activity continued to outpace 2024 through the second quarter. Long Island recorded 442,546 square feet of activity during the second quarter of 2025, a 3.5% increase year-over-year. Despite outpacing first half 2024 leasing activity by 6.9%, the first six months of 2025 remain 20.9% below the long-term first-half average.

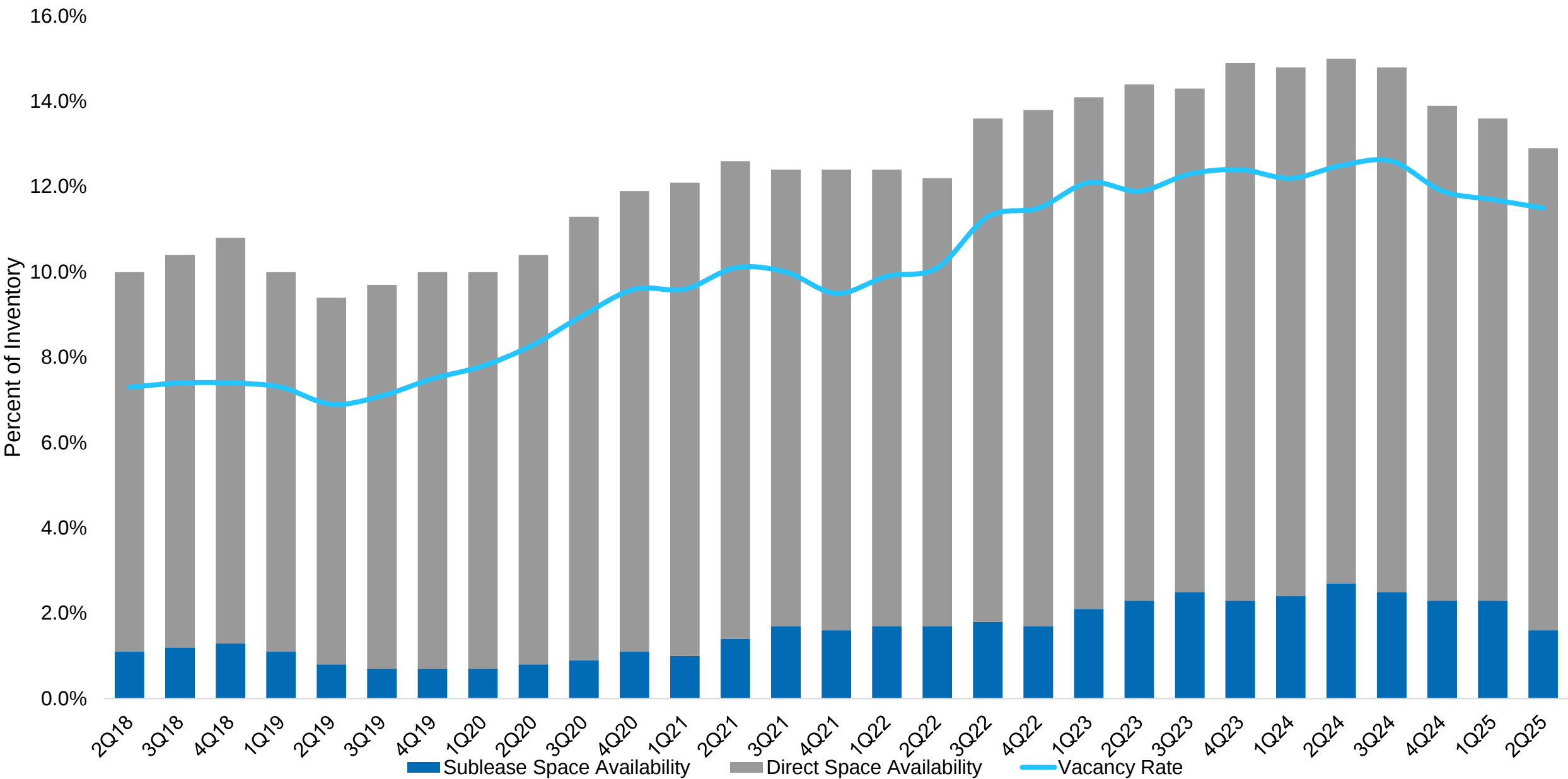


Source: Newmark Research, CoStar

Vacancy and Availability Falls

Total available space in the Long Island office market decreased 255,797 square feet in the second quarter of 2025, bringing the availability rate to 12.9%, the market’s lowest level since the second quarter of 2022. Available direct space stayed consistent with the previous quarter while available sublease space declined 70 basis points to 1.6%.

Available Space and Tenant Demand as Percent of Overall Market

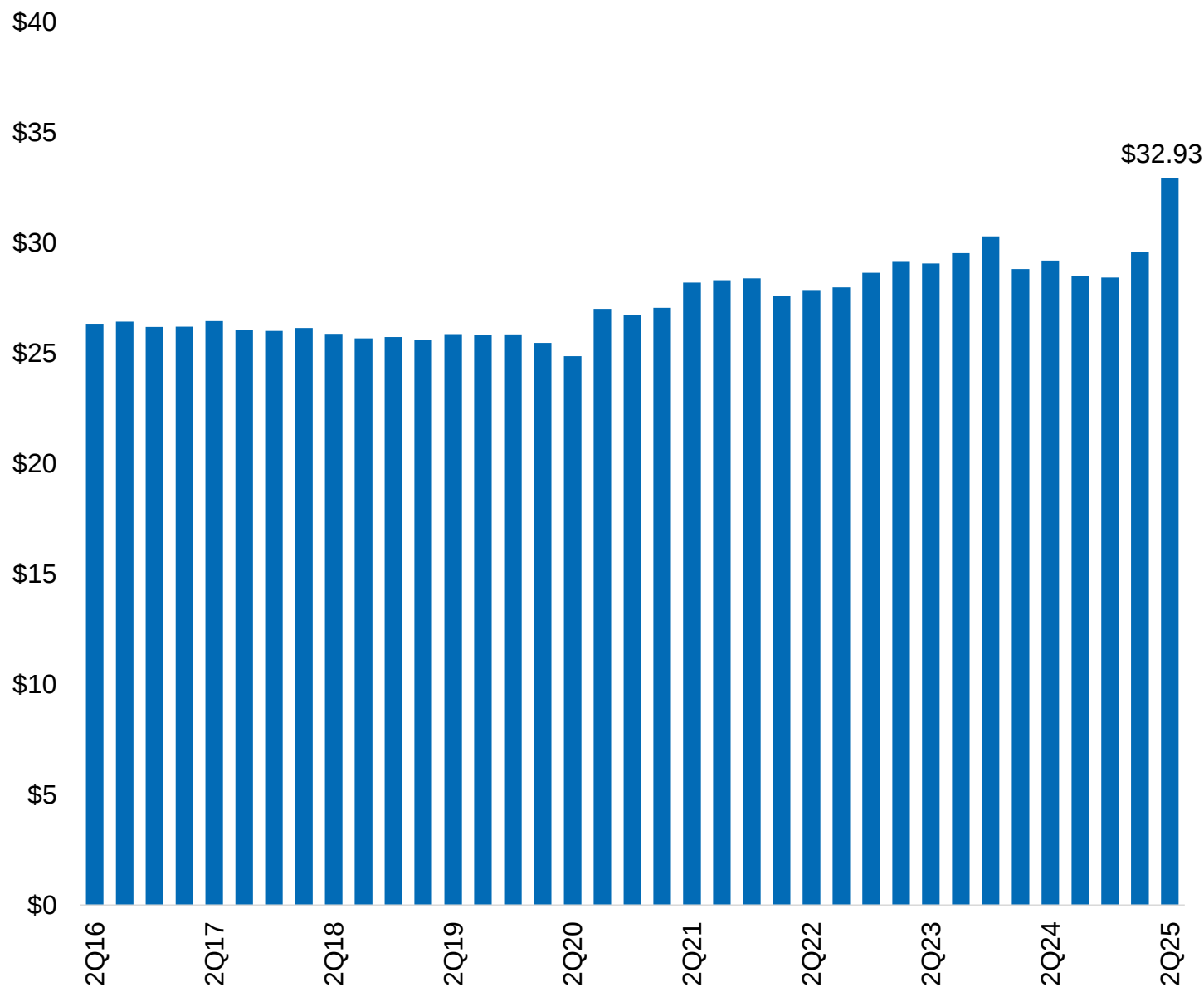


Source: Newmark Research, CoStar

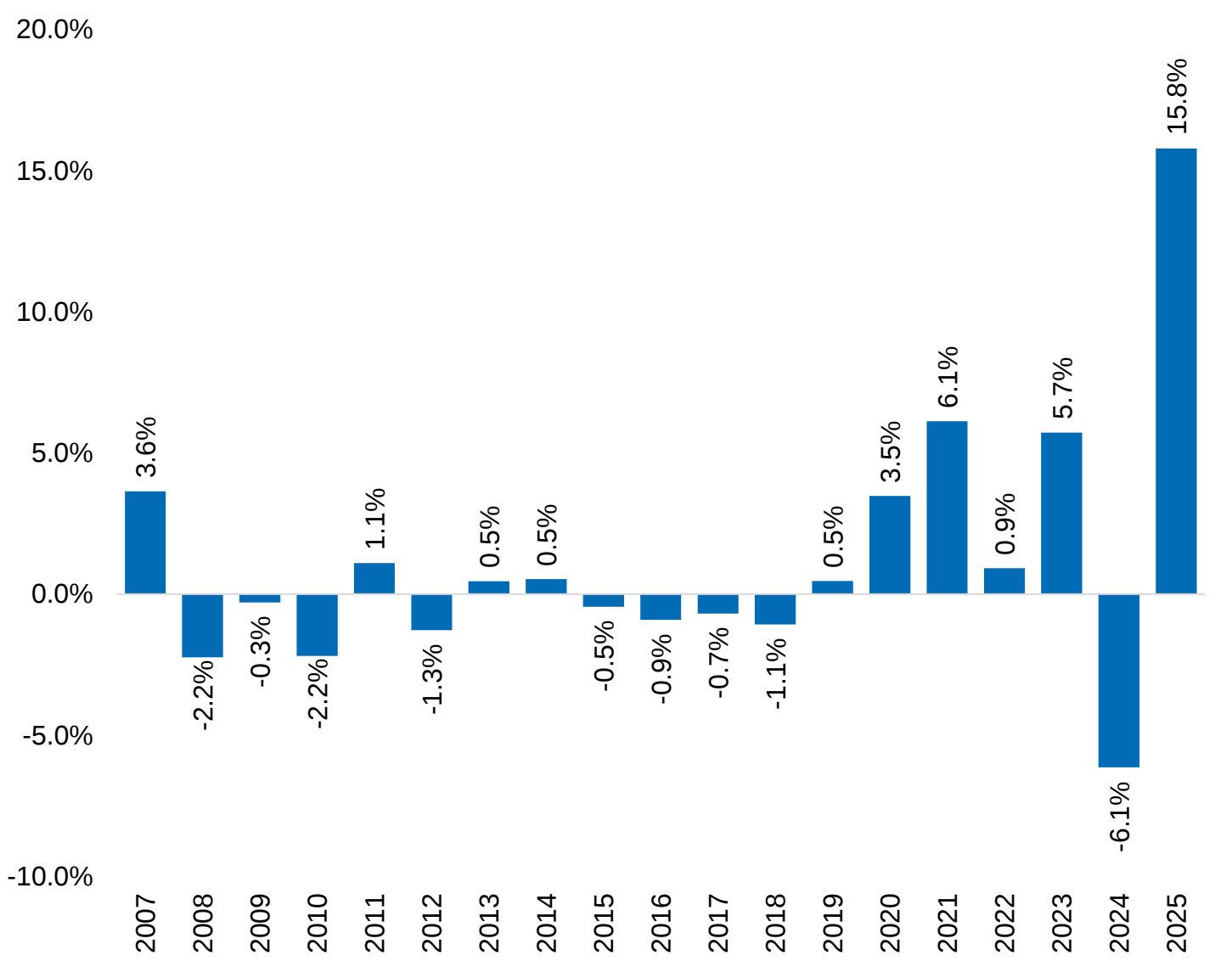
Rents Reach Historic High

Asking rents increased \$3.34/SF to \$32.93/SF during the second quarter of 2025 due to significant block additions to class A properties. The second quarter marked Long Island's highest average asking rent over the past twenty years, increasing 16.5% above the long-term average of \$28.27/SF.

Office Average Asking Rent, \$/SF, FS



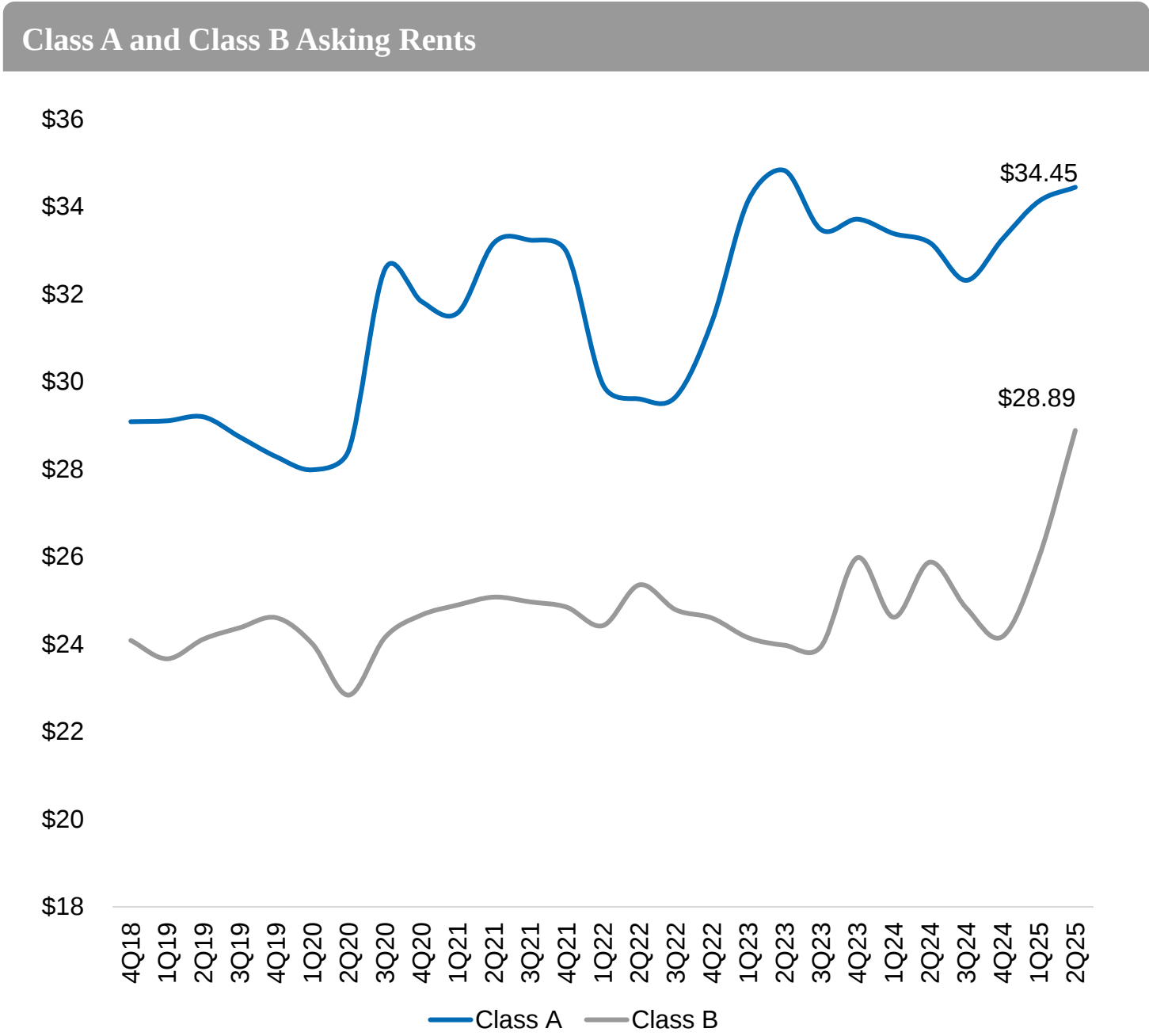
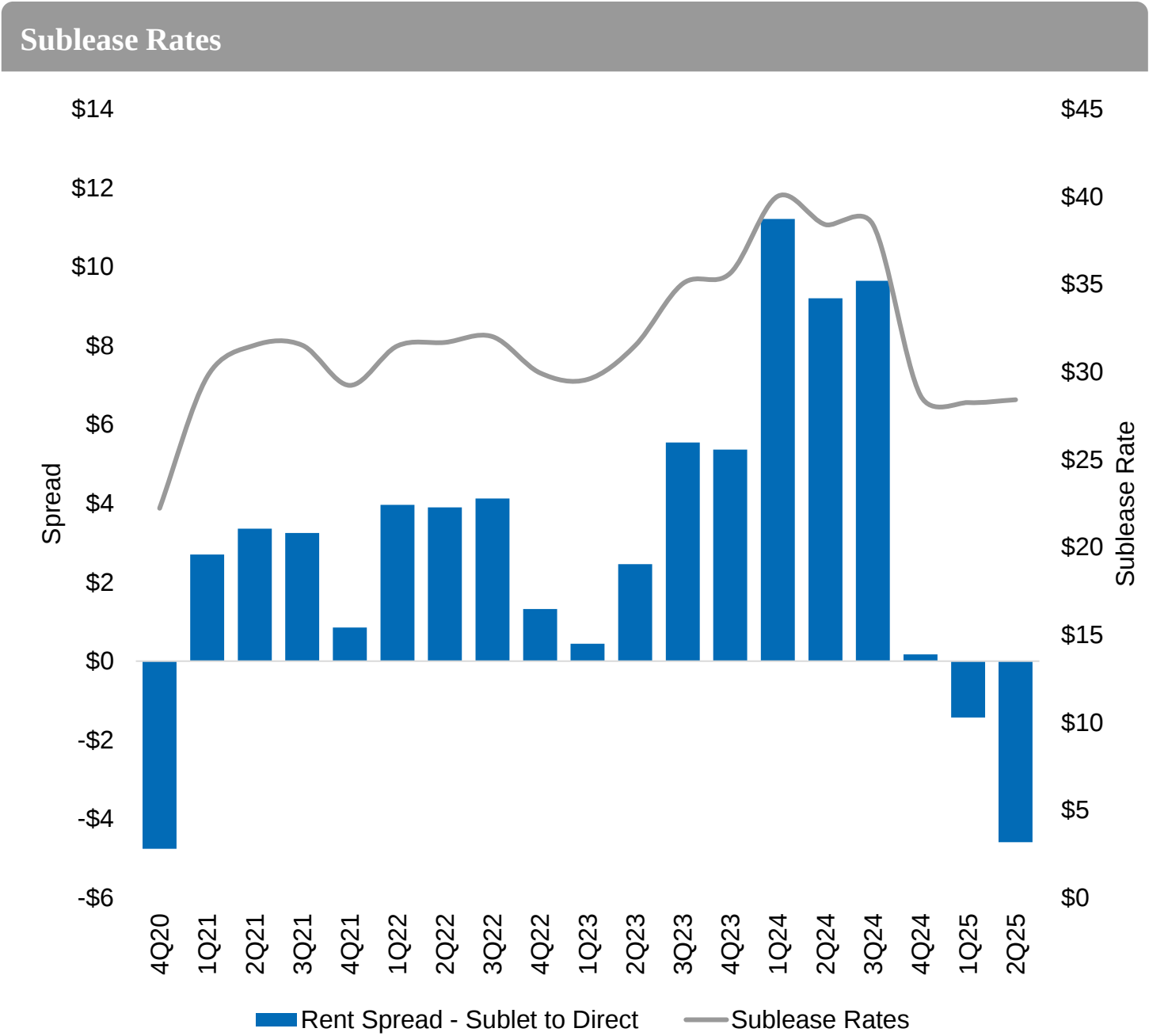
Year-over-Year Asking Rent Growth Rate



Source: Newmark Research, CoStar

Asking Rate Growth for Direct Space

Direct rates exceeded sublease rates during the second quarter of 2025, a shift from the few years prior. Average direct rates increased \$3.32/SF from the previous quarter to \$33.00/SF, while average sublease rates increased \$0.16/SF to \$28.41/SF. Meanwhile, class A and class B both experienced asking rent growth during the second quarter of 2025. Class A asking rents increased 0.9% from the previous quarter while class B rents increased 11.1% due to the addition of higher-rent class B space.

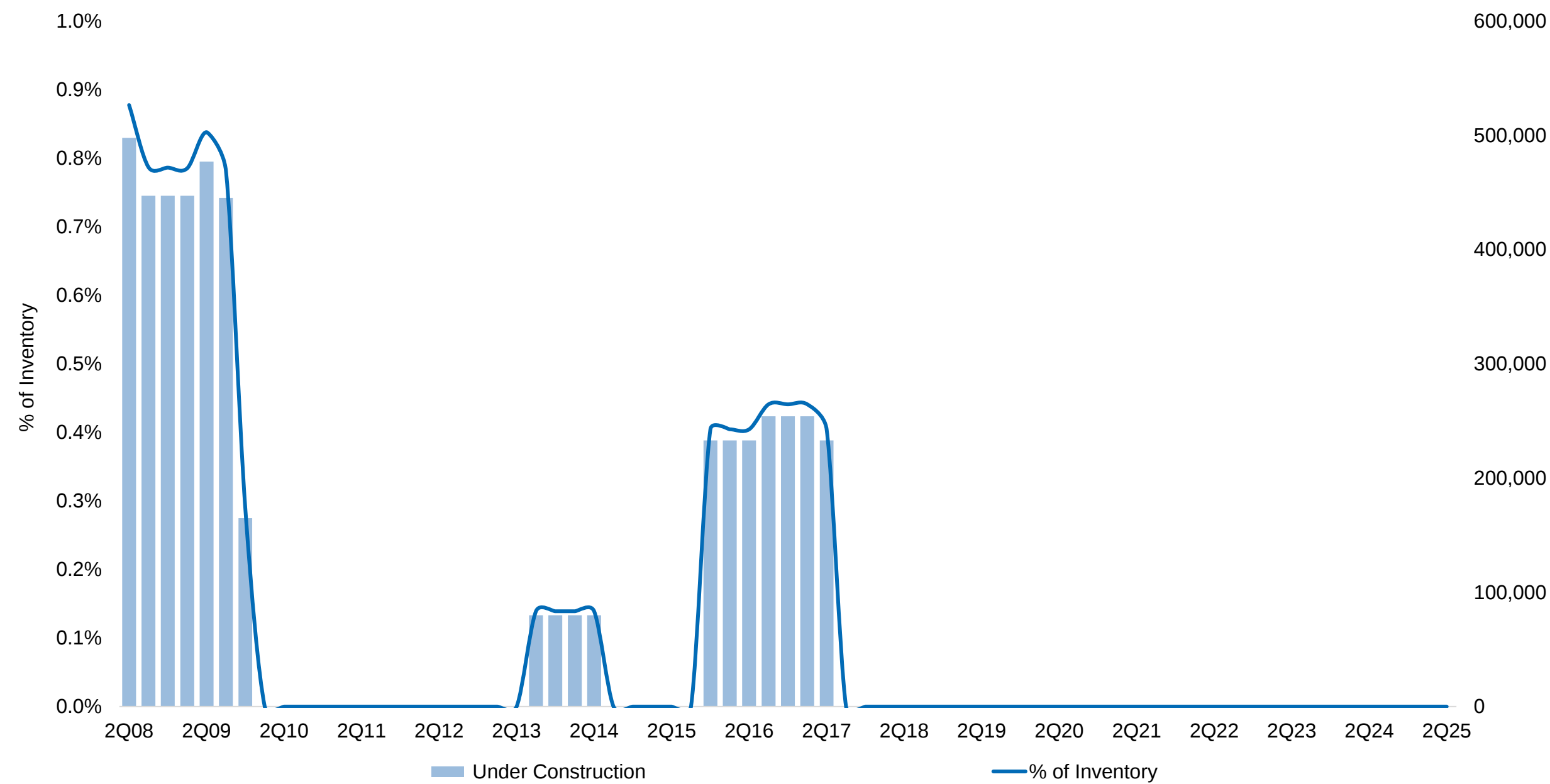


Source: Newmark Research, CoStar

Construction Standstill Continues

The second quarter of 2025 saw no office properties under construction in the Long Island market. With uncertainty surrounding the future of suburban office space, developers are turning their attention away from office projects.

Office Under Construction and % of Inventory



Source: Newmark Research, CoStar

Notable Lease Transactions

Long Island recorded 442,546 square feet of leasing activity during the second quarter of 2025, a 23.5% decrease from the previous quarter. At 196,700 square feet, Suffolk County accounted for 44.4% of second quarter leasing activity, down from 54.4% of first quarter activity and the county’s lowest share of activity since the second quarter of 2023.

Notable 1H25 Lease Transactions				
Tenant	Building(s)	Submarket	Type	Square Feet
Garfunkel Wild	900 Stewart Avenue	Nassau County	Direct New	45,130
Garfunkel Wild signed the largest deal of the quarter, taking 45,130 square feet on the fourth floor of 900 Stewart Avenue.				
Broadcom	100 Baylis Road	Suffolk County	Direct Renewal	44,929
Semiconductor manufacturing company Broadcom Inc. renewed 44,929 square feet at 100 Baylis Road.				
Wasterman Ball Ederer Miller Zucker & Sharfstein, LLP	RXR Plaza	Nassau County	Direct Renewal	31,000
Law firm Wasterman Ball Ederer Miller Zucker & Sharfstein, LLP leased 31,000 square feet on the twelfth floor at RXR Plaza.				
Long Island Board of Realtors	1305 Walt Whitman Road	Suffolk County	Direct New	24,585
Long Island Board of Realtors signed a fifteen-year lease for 24,585 square feet on the third floor at 1305 Walt Whitman Road.				
Greenman-Pedersen, Inc.	175 Pinelawn Road	Suffolk County	Direct New	23,175
Engineering consulting company Greenman-Pedersen, Inc. signed a 23,175 square foot lease on the fourth floor of 175 Pinelawn Road.				

Source: Newmark Research, CoStar

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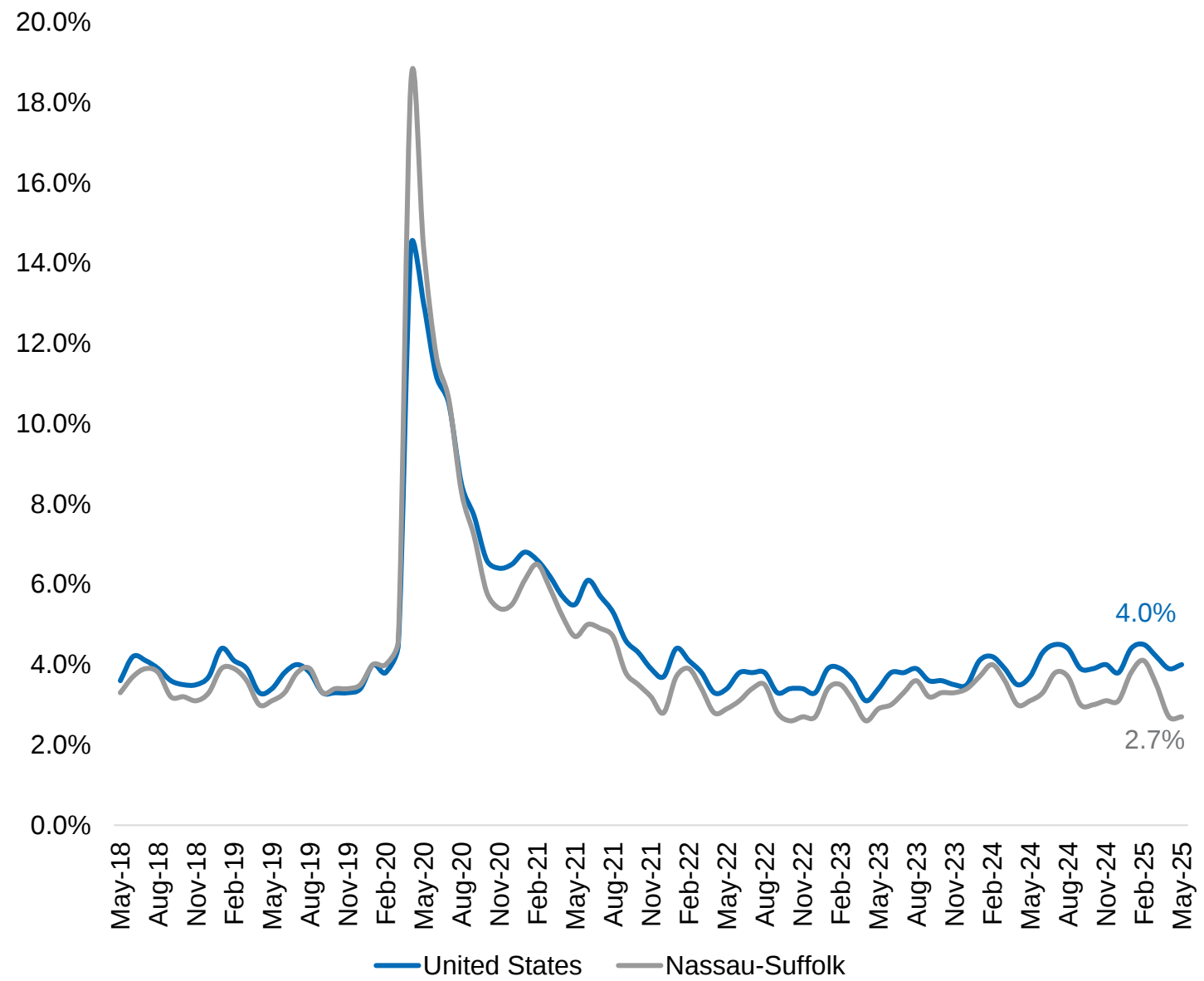
Economy



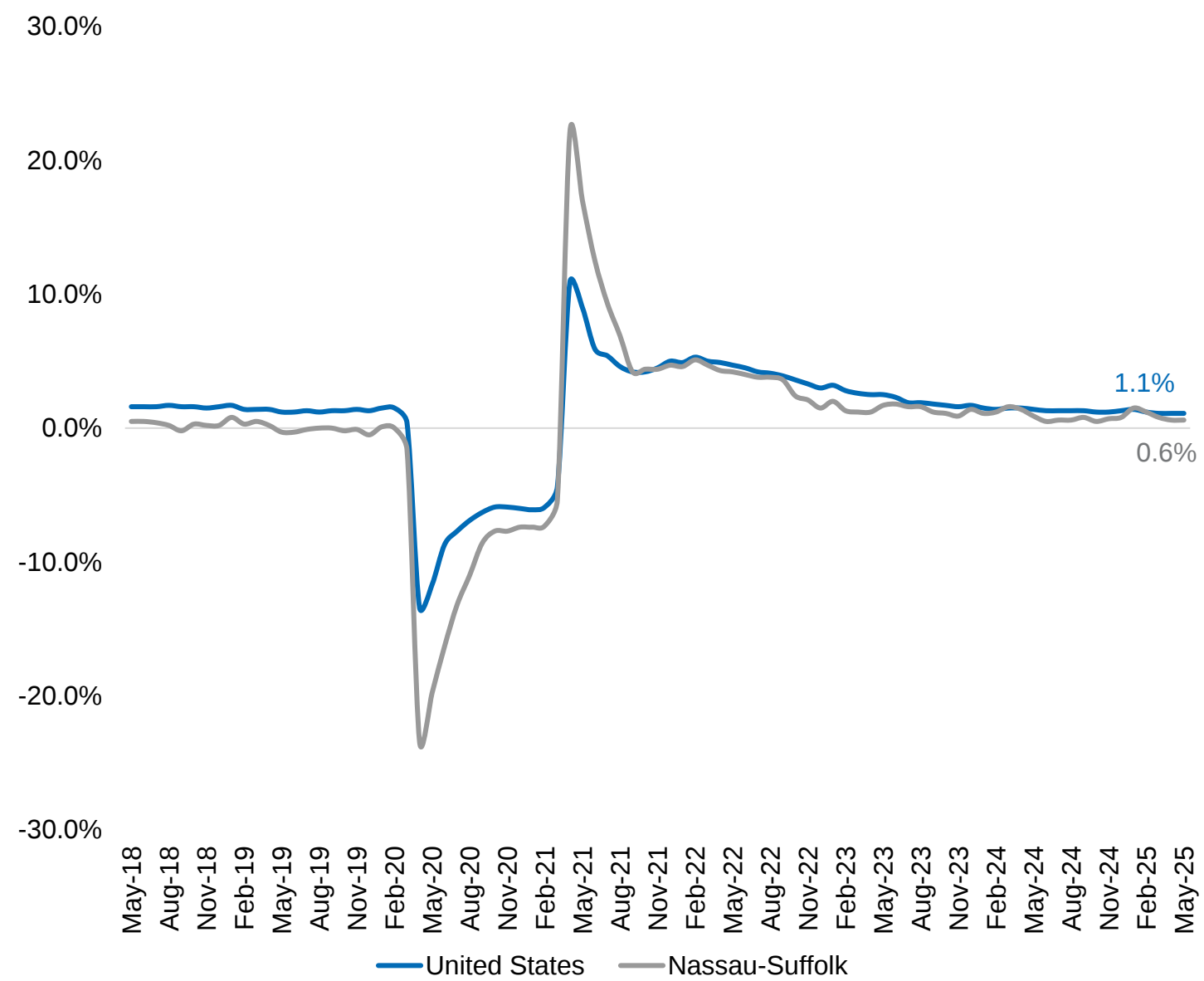
Uptick in Unemployment

The Long Island unemployment rate decreased 80 basis points during the second quarter to 2.7%, the market's lowest level since April 2023. The Long Island unemployment rate remains well below the national average of 4.0%. Meanwhile, at 0.6%, Long Island employment growth remained shy of the national average of 1.1%.

Unemployment Rate, Non-Seasonally Adjusted



Nonfarm Payroll Employment, Non-Seasonally Adjusted, 12-Month % Change

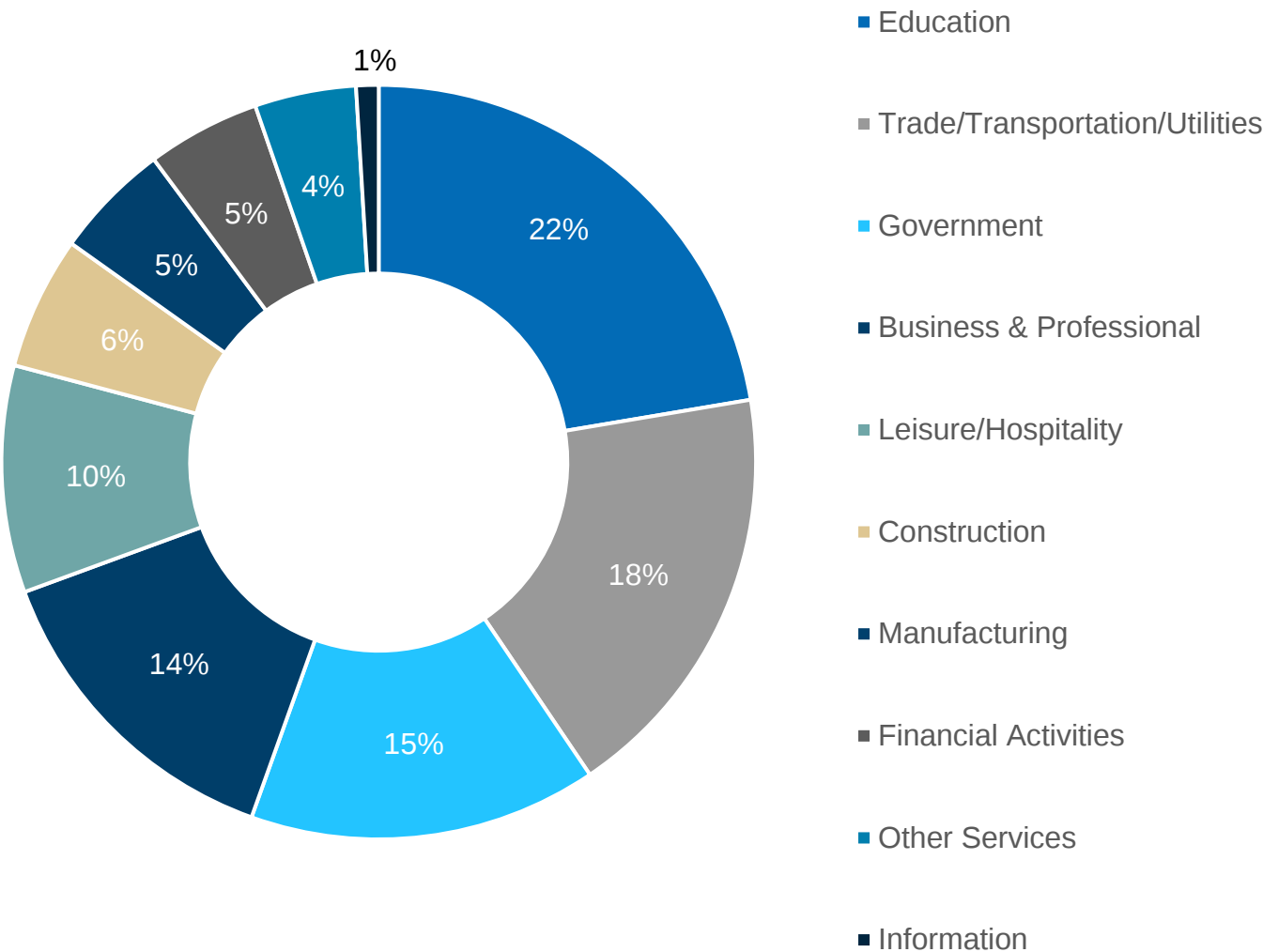


Source: U.S. Bureau of Labor Statistics, Nassau-Suffolk

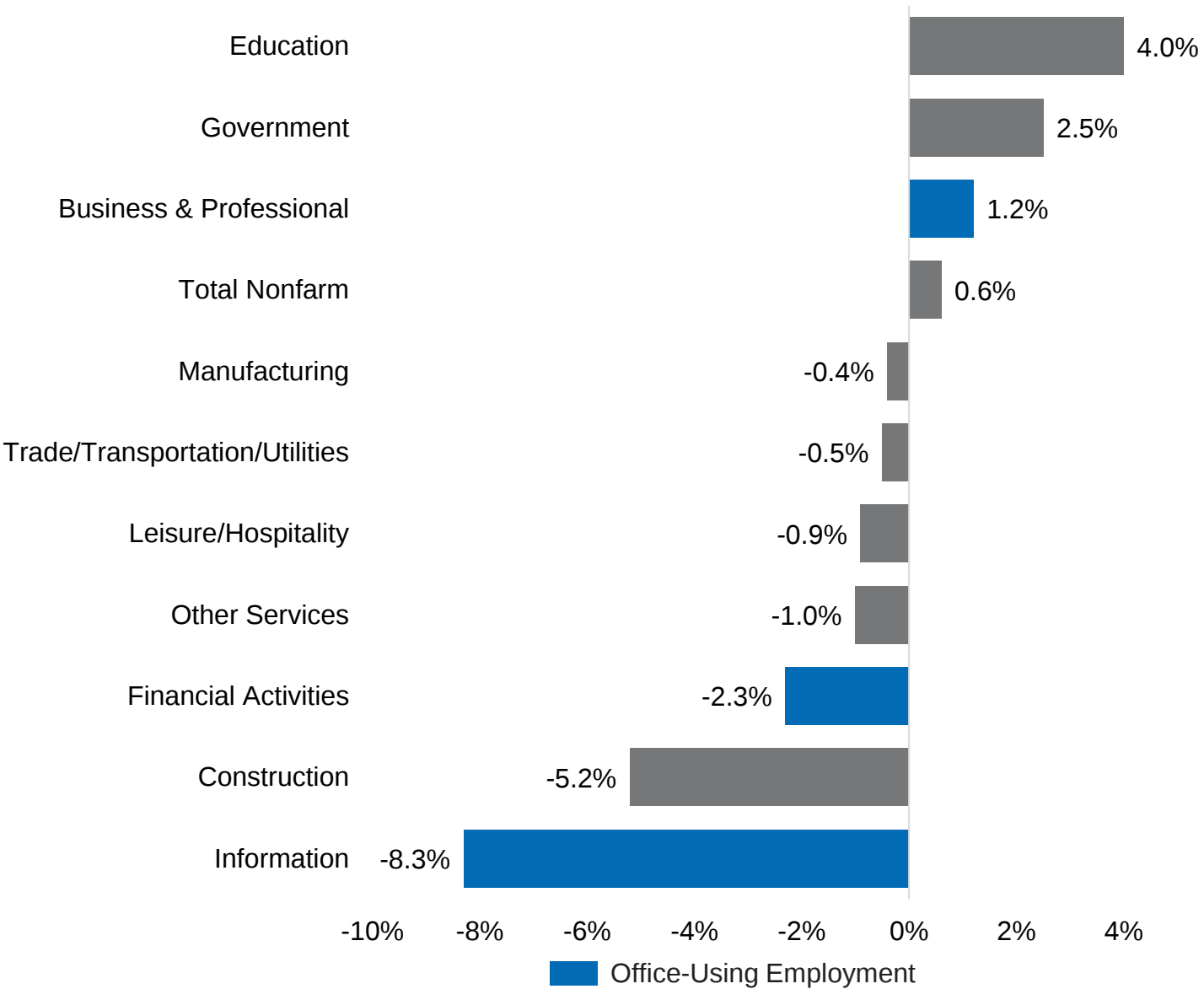
Varying Job Growth for Office Sector

The education, government, and business & professional sectors led the region in job growth over the past year. Despite positive employment growth for business & professional services, other office-using sectors including financial activities and information recorded negative annual job growth.

Employment by Industry, May 2025



Employment Growth by Industry, 12-Month % Change, May 2025

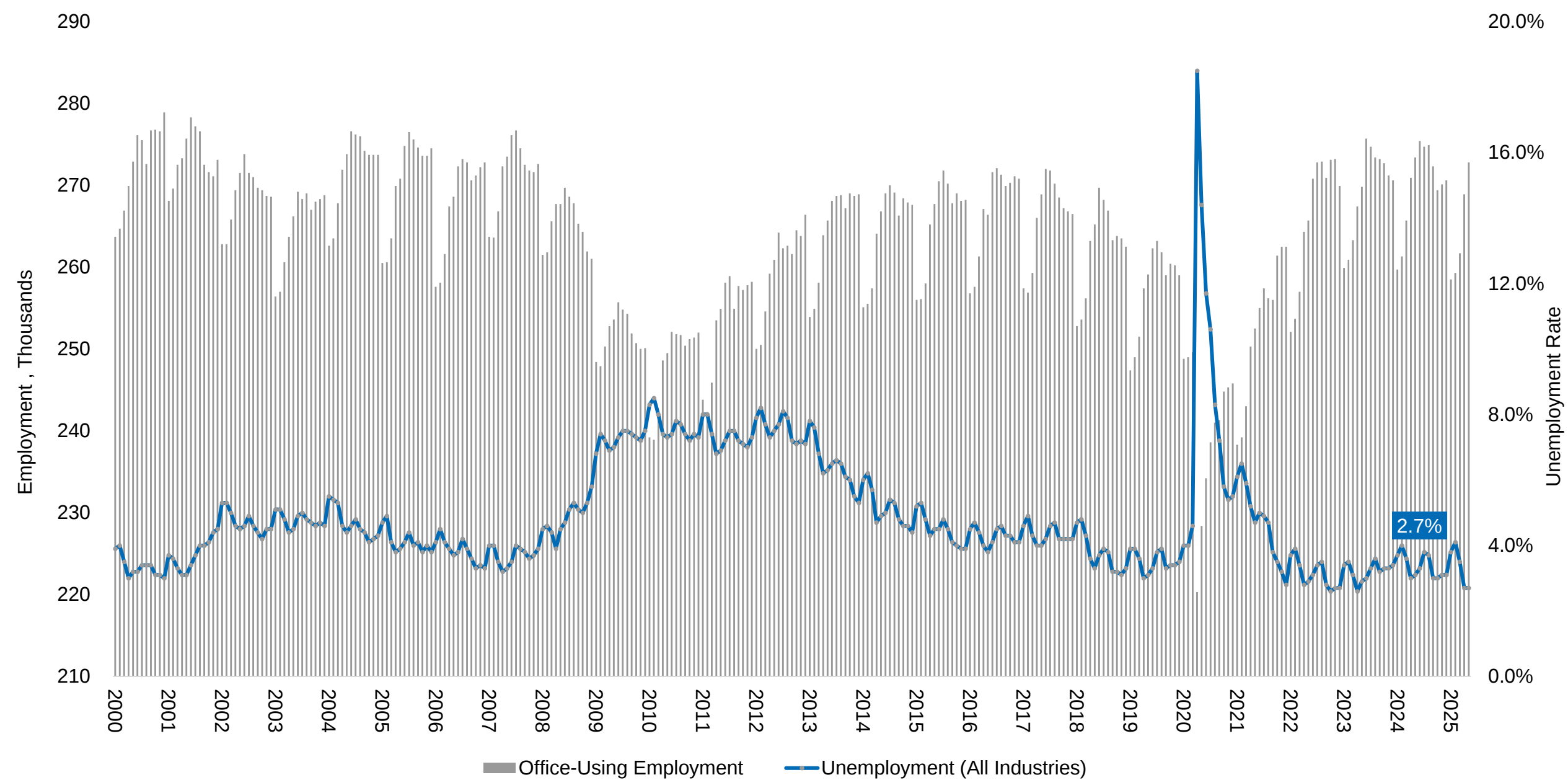


Source: U.S. Bureau of Labor Statistics, Nassau-Suffolk

Office-Using Employment Declines But Still Outpaces Pre-Pandemic Levels

During the first quarter of 2025, the Long Island market experienced its cyclical decrease in office-using employment. Office-using employment is down 1.0% year-over-year in the first quarter due to the rising overall unemployment rate. Despite this, office-using employment remains 2.9% above pre-pandemic employment levels.

Office-Using Employment* and Unemployment Across All Industries



Source: U.S. Bureau of Labor Statistics, Nassau-Suffolk
Note: May 2024 data is preliminary.
*Office-using employment includes employment in the following industry sectors: Professional & Business Services, Financial Activities and Information.

For more information:

Long Island
290 Broadhollow Road
Suite 103E
Melville, NY 11747
t 631-424-4800

New York Headquarters
125 Park Ave.
New York, NY 10017
t 212-372-2000

nmrk.com

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